

Question No: 012
Topic: The future of financial advice in Australia
Committee Member: Senator O'Neill
Reference: Hansard page 17

Question

Mr Shipton: But the second point is a broader point that you raise, which is the future of advice in this country. I will ask my colleague Commissioner Press to supplement, because this is a broader body of work that we are aware of and that we are undertaking. We do see that there are a number of shifts taking place – commercially, [inaudible] environmentally – in the industry that we are monitoring, because we are worried about unmet advice needs. With that –

Senator O'Neill: Thank you, I share your concerns, Mr Shipton. **Can I ask you to provide that supplementary on notice, perhaps?**

Answer

There is evidence of a reduction in the supply of financial advice to Australian consumers. As at 25 June 2020, there were approximately 22,200 current financial advisers on the Financial Advisers Register, which is 11% below the long-term average (of 24,930 advisers) prior to 1 January 2019, when much of the Professional Standard Reforms commenced. More advisers may leave the industry as the Professional Standards Reforms are fully implemented. Further, a number of large financial institutions have withdrawn or are proposing to withdraw from the retail financial advice market altogether. Others have scaled-back their retail financial advice businesses.

ASIC wants Australian consumers to have access affordable, quality personal financial advice that meets their needs. In light of this, ASIC is currently undertaking a project that is looking at unmet advice needs and how to address them.

Specifically, ASIC is examining what impediments industry is facing in providing affordable and scaled advice to consumers. ASIC research shows that consumers want access to scaled and affordable personal advice. ASIC also knows, because industry has repeatedly told us, that it struggles to provide scaled and affordable personal advice. ASIC is focusing on identifying what steps industry and/or ASIC can take to overcome these impediments. ASIC is consulting with industry stakeholders to understand real or perceived impediments to the provision of scaled advice and ASIC will develop measures to address issues raised. This is likely to result in additional guidance (including more case studies and examples) delivered using various mediums which may include, but not limited to, videos, webinars, checklists etc.

Separately, ASIC is also engaging external experts to undertake several pieces of research to further understand key issues related to Access to Advice. This research work will focus on:

- (1) what financial decisions Australian consumers are required to make;
- (2) what factors contribute to the cost of personal advice; and
- (3) what types of information an adviser is required to gather and analyse when advising a consumer to switch from a financial product which the consumer holds to a new product.